



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** March 27, 2017

**SUBJECT:** Consider Ordinance No 3455, authorizing the issuance of "City of North Richland Hills, Texas General Obligation Refunding Bonds, Series 2017" in the par amount of approximately \$1,900,000 to achieve debt service savings for the City; specifying the terms and features of such bonds; levying a continuing direct annual ad valorem tax for the payment of such bonds; and resolving matters incident and related thereto, including approval of a Purchase Letter.

**PRESENTER:** Mark Mills, Finance Director

### **SUMMARY:**

Discuss and request for authorization to issue general obligation (G.O.) refunding bonds for the purpose of refunding the City's outstanding General Obligation Refunding & Improvement Bonds, Series 2007 and Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2007 for debt service savings.

### **GENERAL DESCRIPTION:**

City Council is being asked to consider the sale of general obligation refunding bonds (Bonds) in the amount of \$1,900,000. These Bonds are being privately placed with J.P. Morgan and are expected to deliver on May 2, 2017. Due to the small size of this refunding and the competitive rate being offered by J.P. Morgan, directly placing these bonds with the Bank will allow the City to generate more savings through the reduction of issuance cost.

The Bonds are being sold in order to refund previously issued City of North Richland Hills obligations from 2007. Current market conditions in the form of lower interest rates are favorable to refund (refinance) the previously issued obligations. As a result, the lower interest rates will save the City in interest expense over the next 10 years.

Based on the indicative interest rate provided by J.P. Morgan on March 17, 2017 the refinancing will generate about \$90,000 in total debt service savings after all issuance costs have been paid. The final interest rate and resulting savings will be set Monday, March 27<sup>th</sup> and presented to City Council at the regular meeting. Draft copies of Ordinance 3455, the Purchase Letter, and the Paying Agent/Registrar Agreement are



attached for Council's consideration. The information contained within these documents will be updated on Monday, March 27<sup>th</sup> after the rate has been established.

**RECOMMENDATION:**

Approve Ordinance No. 3455, authorizing the issuance of "City of North Richland Hills, Texas General Obligation Refunding Bonds, Series 2017" in the par amount of approximately \$1,900,000 to achieve debt service savings for the City; specifying the terms and features of such bonds; levying a continuing direct annual ad valorem tax for the payment of such bonds; and resolving matters incident and related thereto, including approval of a Purchase Letter.